

SUMMARY ANALYSIS OF AMENDED BILL

Author: Horton Analyst: Deborah Barrett Bill Number: AB 1418
Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: 1-23-2006
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: FTB Compile Listing Of 250 Largest Tax Delinquencies & Make Public Record

- ☒ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended 01-04-2006.
- ☐ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☐ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- ☐ FURTHER AMENDMENTS NECESSARY.
- ☐ DEPARTMENT POSITION CHANGED TO _____.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED January 4, 2006 STILL APPLIES.
- ☒ OTHER – See comments below.

SUMMARY

This bill would require the Franchise Tax Board (FTB) to make publicly available an annual list of the top 250 tax delinquencies.

SUMMARY OF AMENDMENTS

The January 23, 2006, amendments resolved the department's implementation concerns identified in the bill as amended January 4, 2006. A technical consideration in the January 23, 2006, amendments has been identified and is discussed below. The department has revised the revenue impact of this bill from an anticipated revenue gain in tax year 2006/2007 of \$1.5 million, to an ongoing revenue gain of an estimated \$5 million. The revised revenue analysis is discussed below. The remainder of the analysis of this bill as amended January 4, 2006, remains applicable.

POSITION

Pending.

Board Position:			Legislative Director	Date
<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP	Brian Putler	02/16/06
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR		
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING		

TECHNNICAL CONSIDERATION

On Page 5, Line 23, the word delinquency is misspelled.

ECONOMIC IMPACT

Based on department data, the revenue gain from this bill is as follows:

Estimated Revenue Impact of AB 1418 Assumed Effective for Delinquent Accounts as of 12/31/06 Assumed Enactment Date After 1/1/06 (Millions)		
2005/06	2006/07	2007/08
\$ 30	\$ 5	\$ 5

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Based on departmental data, taxpayers affected by this proposal currently owe approximately \$350 million. Other departmental data suggests that about \$100 million of this amount will ultimately be discharged as uncollectible. A departmental study estimates that 4% of this money (\$4 million) would be collected in response to this proposal. In addition, this estimate assumes that, of the \$250 million that would eventually be collected, 10 percent (\$25 million) will be accelerated from a later year into 2007. The total revenue gain in the first year is \$29 million (\$4 million + \$25 million). The revenues collected as a result of this proposal are accrued back one year. In the second year of the program, the revenue gain decreases because the acceleration of payments by taxpayers new to the list is almost completely offset by the revenue that would have been collected in the second year had it not been accelerated to the first year because of this proposal. The revenue estimate has been rounded to the nearest five million dollars.

LEGISLATIVE STAFF CONTACT

Deborah Barrett
Franchise Tax Board
(916) 845-4301
Deborah.Barrett@ftb.ca.gov

Brian Putler
Franchise Tax Board
(916) 845-6333
brian.putler@ftb.ca.gov